



**YOBE STATE GOVERNMENT
OF NIGERIA**

A Law Establishing



**Yobe Fiscal Responsibility
Board (YFRB)**

2016



YOBE STATE GOVERNMENT OF NIGERIA

A LAW

TO

PROVIDE FOR THE PRUDENT MANAGEMENT OF THE STATE RESOURCES, TO ENSURE LONG TERM MACRO-ECONOMIC STABILITY OF THE STATE, TO SECURE GREATER ACCOUNTABILITY AND TRANSPARENCY IN FISCAL OPERATIONS WITHIN A MEDIUM TERM FISCAL POLICY FRAMEWORK AND THE ESTABLISHMENT OF **THE FISCAL RESPONSIBILITY BOARD** TO ENSURE THE PROMOTION AND ENFORCEMENT OF THE STATE'S ECONOMIC OBJECTIVES; AND OTHER MATTERS RELATED THERETO

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PART I ESTABLISHMENT, FUNCTIONS AND POWERS OF THE BOARD

Citation and Commencement 1. This Law may be cited as the Yobe State Fiscal Responsibility law 2014 and shall come into force on the22.....day of July,....2016

Interpretation 2. In this law, unless the context requires:

“Appropriation Law” means a law passed by the State House of Assembly authorizing spending from the consolidated revenue fund and includes a Supplementary appropriation law.

“Arms of Government” means the Executive, Legislature and Judiciary.

“Borrowing” means any financial obligation arising from (i) any loan including principal, Interest, fees of such loan (ii) the deferred payment for property, goods or service (iii) bonds, debentures notes or similar instruments (iv) letter of credit and reimbursement obligations with respect thereto

“Budget call circular” means a circular -

- (i) requesting the submission, in a prescribed form, of the revenue and expenditure estimates of ministries, Extra Ministerial Departments and other executing agencies of government for the next financial year; and
- (ii) giving detailed guidelines and instructions on the preparation of the estimates and expenditure in a manner consistent with the medium term developmental priorities set out in the medium term expenditure plan:

“Commissioner” means the commissioner charged with the responsibility for budget and economic planning;

“Capital Expenditure” means spending on an asset that lasts for more than one financial year and expenses associated with the acquisition of such assets.

“Concessional Term” means the terms of the loan must be at an interest rate not exceeding 3%.

“Consolidated Debt” means the aggregate of the outstanding financial obligation of government including those of its parastatals and agencies at



any point in time arising from (i) borrowed money including principal, interest, fees of such borrowed money (ii) the deferred payment for property, goods or services (iii) bonds, debentures, notes or similar instruments (iv) letters of credit and reimbursement obligations with respect thereto, (v) Guarantees (vi) Trade or bankers acceptances (vii) capitalized amount of obligations under leases entered into primarily as a method of raising finance or of financing the acquisition of the asset leased (viii) agreements providing for swaps, ceiling and floor rates contingent participation or other hedging mechanisms with respect to the payment of interest or the convertibility or currency and (ix) a condition sale agreement, capital lease or other little retention agreement.

“Cost benefit analysis” means an analysis that compares the cost of undertaking a service, project or programme with the benefit that public are likely to derive from it;

“Fiscal Risk Appendix” means an explanatory attachment that provides a set of indicators that can be used to measure local fiscal risk;

“Fiscal Risk Target” provides numerical target for each risk indicator with which a fiscal entity will be considered fiscally healthy;

“Financial Year” means a period commencing from 1st day of January and ending on the 31st day of December of each year;

“Governor” means the Executive Governor of Yobe State;

“Government Owned Company” means a statutory corporation, Government agency and a company in which Government has controlling interest;

“Medium Term Expenditure Frame Work” means the document referred to and the contents of which is prescribed in section 11 of this law;

“Public Expenditure” means outlays other than those resulting into debt reduction;

“Public Revenue” means all monies received by the government;

“Quarter” means one quarter of a financial year and quarterly shall be construed accordingly;



“**Recurrent Expenditure**” means normal overhead and administrative expenses and personnel cost including salaries, emoluments and other benefits of employees;

“**Refinancing of debt securities**” means any issuance of securities to repay the existing debt”

“**State**” shall be construed to mean a Yobe State;

“**State financial institution**” means any financial institution in which the State Government has controlling shares.

“**Tax projections**” means the projected collectable tax, revenue within a particular planning period.

“**Tiers of Government**” means the federal, State and Local Governments.

PART II ESTABLISHMENT, OF THE FISCAL RESPONSIBILITY BOARD

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| Establishment of
The Fiscal
responsibility
Board. | <p>3.(1) There is hereby established for the state a body to be known as the "Yobe State Fiscal Responsibility Board (In this law referred to as 'The Board'</p> <p>(2) The Board shall be a body corporate with perpetual succession and a common seal and may sue and be sued in its corporate name.</p> |
| Special Power of
Investigation | <p>4.(1) For the purpose of performing its functions, under this law the Board shall have power to;</p> <p>(a) Compel any person, or government organization to disclose information relating to public revenues and expenditure; and</p> <p>(b) Cause an investigation to be conducted into whether any person has violated any provisions of this law;</p> <p>(2) If the Board is satisfied that such a person has committed any punishable offence by violating any provision of this law, the Board shall forward a report of the investigation to the Attorney General for possible prosecution.</p> |



the Board shall have power to;

- General power of the Board**
5. (a) formulate and provide general policy guidelines for the discharged of its function;
 - (b) Superintend the implementation of its policies;
 - [c] Acquire the services of such number of employees as may, in its opinion, be expedient and necessary for the proper and efficient performance of its functions;
 - (d) Request for the secondment or transfer of a person holding office in the civil Service of the Federation or the State to the Board if the Board thinks it expedient that any vacancy in the Board should be filled by that person, provided that it shall notify the appropriate civil service to that effect.
 - (e) Determine the terms and conditions of service in the Board including disciplinary measures for the employees.
 - (f) Regulate its proceedings and make standing orders with respect to the holding of its meetings, notice to be given, the keeping of minutes of its proceedings and such other matters related thereto; and
 - (g) Do such things as in its opinion, are necessary for the efficient discharge of its functions.
- Functions of the Board**
6. The functions of the Board shall include, interalia, the followings:-
 - (a) To monitor and enforce the provisions of this law and by so doing promote the economic objectives of the state as contained in section 16 of the 1999 constitution of the Federal Republic of Nigeria (as amended).
 - (b) to disseminate such standard practices that shall result in greater efficiency in the management of public expenditure, revenue collection, debt control and transparency in fiscal matters;
 - (c) to undertake fiscal and financial studies, analysis and diagnose and submit the result to the Governor;
 - (d) to make such rules that are necessary for the implementation of this law



- (e) perform such other functions that are consistent with the promotion of the objectives and functions of the Board.

Composition of the Board

7.(1) The Board shall consist of:

- (a) A chairman who shall be the chief executive and accounting officer and shall be responsible for the running of the day to day affairs of the board;
- (b) One member representing;
 - (i) The organized private sector;
 - (ii) The organized Labour
 - (iii) Civil Society engaged in causes relating to probity, transparency and good governance;
- [c] A representative of the Ministry of Finance not below the rank of a Director;
- (d) A representative of the Ministry of Budget and Planning not below the rank of a Director;
- (e) One member representing each of the three Senatorial zones of the State.

(2) The Chairman shall be a person of proven integrity who shall;

- (a) be an indigene of the Yobe State
- (b) Possess at least a Degree or its equivalent in the following areas with at least 10 years cognate post qualification experience;-
 - (i) Accounting
 - (ii) Business Administration
 - (iii) Financial Management
 - (iv) Actuarial Science
 - (v) Any other qualification related to any of the aforementioned
- (3) All members of the board shall be persons' of proven integrity and experience, who in the opinion of the Governor, are capable of contributing to the development of the State.
- (4) The Chairman and other members of the board other than the ex-officio members shall be appointed by the Governor subject to confirmation by the House of Assembly.



- (5) The Chairman and members representing the three Senatorial Zones shall be full time members.
- (6) (i) There shall be a secretary for the Board to be appointed by the Governor.
- (ii) The Secretary shall, subject to the direction and control of the Chairman, be responsible for the day to day running of the affairs of the Board;
- (iii) Shall act as the Secretary to the Board established under section 3 of this law;
- (iv) Shall be the custodian of all records of the Board.
- (v) Shall carry out such other functions as may be assigned to him by the Chairman of the Board.

Tenure of Office

8. The Chairman and other members of the Board other than the ex-officio members shall hold office for a period of four years from the date of their appointments and may be eligible for reappointment for another period of four years only.

Cessation of Members

9(1) Notwithstanding the provisions of sections 7 and 8 of this Law, a member of the Board shall cease to hold office if:

- (a) He becomes bankrupt or makes arrangement with his creditors; or
- (b) He is convicted by a court of law of any offence involving dishonesty, corruption or fraud; or
- (c) He becomes incapable of carrying out the functions of his office either by reason of infirmity of mind or of body; or

He resigns his appointment by a notice under his hand writing addressed to the Governor; or

In the case of a person who becomes a member by virtue of the office he occupies, he ceases to hold such office for whatever reason; or

The governor is satisfied that it is not in the interest of the Board or the public that the member shall continue in office and the governor removes him from office.

Where a vacancy occurs in the membership of the Board



It shall be filled by the appointment of a successor to hold office for the remaining period of the term of office of the former member provided that the person appointed shall represent the interest the former member was representing.

- Emolument etc of Chairman and members** 10. There shall be paid to the Chairman and members of the Board except the ex-officio members, such salaries, allowances and other benefits as the governor may from time to time approve.
- Annual report of the board** 11. The Board shall prepare and submit to the State House of Assembly through the commissioner not later than 30th of June of each financial year, a report of its activities including all cases of contravention of this law investigated during the preceding financial year and such report shall include a copy of the audited accounts of the Board for the preceding financial year.
- Funds of the Board** 12.(1) The Board shall establish and maintain a Fund from which shall be defrayed all expenditures incurred by the Board, including amounts payable to members of the Board.
- (2) There shall be credited to the Fund established pursuant to subsection (1) of this section, the budgetary allocation from the State Government and grants from any other sources, provided that it shall be mandatory for the state government to adequately fund the Board.

PART III

THE MEDIUM TERM EXPENDITURE FRAMEWORK

- Medium term Expenditure Framework** 13.(1) The State Government in consultation with the local Government Councils in the State shall ensure that there exist at all times a Medium Term Expenditure Framework which provides the framework for government's fiscal operations for the next three financial years to be updated on annual basis, such a fiscal framework should be prepared not later than four months before the commencement of the next financial year following all the due process set out in this law and be approved by the State House of Assembly with any modifications found to be necessary.
- (2) The Medium Term Expenditure framework shall contain:



- (a) **A Macro-Economic Framework** setting out the Macro-economic projections, for the next three financial years, the underlying assumptions for those projections and an evaluation and analysis of the macroeconomic projections for the preceding financial year;
- (b) **A Fiscal strategy paper** setting out (i) the state Government's medium term financial objectives, (ii) the policies of the State Government for the medium term relating to internal revenue generation, recurrent (non-debt) expenditure, debt expenditure, capital expenditure, borrowing and other liabilities, lending and investment; (iii) the strategic, economic, social and developmental priorities and fiscal measures set out pursuant to items (i), (ii) and (iii) of this subsection related to the Economic Objectives set out in section 16 of the Constitution of Federal Republic of Nigeria 1999 (as amended) and other Government policy Documents;
- [c] **A Revenue and Expenditure Framework** setting out (i) estimates of aggregate revenues for the State for each financial year in the next three financial years, based on the predetermined Commodity Reference Price adopted from the Federal Government and any existing policies and or targets on Internal Revenue Generation (ii) aggregate expenditure ceiling for the State for each financial year in the next three financial years; (iii) minimum capital expenditure floor for each financial year in the next three financial years;
- Provided** that all the estimate of revenue and expenditure shall be - (i) based on reliable and consistent data, (ii) targeted at achieving the macroeconomic projections; (iii) consistent with and derive from the underlying assumptions contained in the Macroeconomic: Framework, the objectives, policies, strategic priorities and explanations in the Fiscal Strategy Paper;
- (d) **A Consolidated Debt Statement** setting out and describing the fiscal significance of the debt liability of the State Government and measures to reduce any such liability;
- (e) A Statement describing the nature and fiscal significance of contingent liabilities and quasi- fiscal activities and measures to offset the crystallization of such liabilities;



Aggregate expenditure
Not to exceed
Revenue

14(1) Subject to the provisions of subsection (2) of this section but notwithstanding anything to the contrary contained in any other laws of the state, the estimates of aggregate expenditure and the aggregate amount appropriated by the State House of Assembly for each financial year shall not be more than the estimated aggregate revenue inclusive of any internal and external loans sanctioned by the State Executive Council and the State House of Assembly as well as guaranteed by the Federal Government in the case of external loans;

(2) The aggregate expenditure for a financial year may exceed the ceiling imposed by the provisions of subsection (1) of this section, if in the unanimous decision of the Governor, the Executive Council and the State House of Assembly there is a clear and present threat to socioeconomic development and stability of the state caused by any man-made or natural factor;

Preparation of
Medium Term
Expenditure plan

15(1) The Commissioner responsible for Budget and Economic planning shall be responsible for the preparation of the Medium Term Expenditure plan.

(2) In preparing the draft Medium Term Expenditure plan, the Commissioner:

(a) Shall hold public hearings, which shall be publicized, on the Macroeconomic Framework, the Fiscal Strategy Paper, the Revenue and Expenditure Framework, the strategic, economic, social and developmental priorities of government, and such other matters as the Commissioner deems necessary;

Provided that, such hearings if held shall be open to the public, the press and any citizen or authorized representatives of any organization, group of citizens who may attend and be heard on any subject matter under consideration.

(b) shall seek the inputs of all the Government Agencies as appropriate and in particular the State Ministry of Finance, the State Board of Internal Revenue, Office of the Secretary to the State Government and Office of the Head of Service.

[c] shall consider and reflect as may be deemed appropriate the inputs of the bodies and persons referred to in paragraph (a) and (b) of this section.



16. The Commissioner shall before the end of the second quarter of each financial year, present the Medium Term Expenditure plan to the State Executive Council for consideration and transmission to the House of Assembly.
17. The Commissioner shall cause the Medium Term Expenditure plan as approved by the State House of Assembly, to be published in the Gazette.
- 18.(1) Subject to subsection (2) of this section, the Governor may cause adjustments to be made to a Medium Term Expenditure plan.
 - (i) Any adjustment to a Medium Term Expenditure plan shall be limited to:-
 - (a) the correction of manifest error; and
 - (b) changes in the Fiscal indicators, which in the opinion of the Governor are significant.
- 19.(1) While taking into account state peculiarities and other specific development objectives of the State Government, the Medium Term Expenditure framework of the state should as much as possible be consistent with that of the Federal Government in terms of policy focus and should also provide the framework for the management of the fiscal affairs of all the Local Governments in the State,
- (2) In planning the fiscal affairs of the State, the State Government and all the Local Government Councils in the State shall be guided by and adopt the provisions of sections 11 and 12 of the Fiscal Responsibility Act of the Federal Government.

PART IV ANNUAL BUDGET

- Annual Budget** 20.(1) Notwithstanding anything to the contrary provided in this law or any other law in force, the Medium Term Expenditure frame work shall be the basis for the preparation of the estimates of revenue and expenditure required to be prepared and laid before the State House of Assembly under sections 121 & 122 of the 1999 constitution of the Federal Republic of Nigeria (as amended).
- (2) The sectoral and compositional distribution of the estimates of expenditure referred to in subsection (1) of this section shall be



- consistent with the Medium Term developmental priorities set out in the expenditure plan.
- Annual budget to be accompanied by certain documents** 21. The estimate of revenue and expenditure referred to in this law as the "Annual Budget" shall be accompanied by:
- (a) A copy of the underlying revenue and expenditure profile for the next two years;
 - (b) A report setting out actual and budgeted revenue and expenditure and detailed analysis of the performance of the budget for the 18 months up to June of the preceding financial year;
 - [c] Measures on cost and cost control and evaluation of results of programmes financed with budgetary resources;
 - (d) Fiscal target appendix derived from the underlying Medium Term Expenditure framework setting out the following targets for that financial year;
 - (i) Target inflation rate;
 - (ii) Target fiscal account balances;
 - (iii) Any other developmental target as deemed appropriate; and
 - (e) A fiscal risk appendix evaluating the fiscal and other related risk to the annual budget and specifying measures to be taken to offset the occurrence of such risks.
- Admitting projects and programmes into an appropriation bill** 22.(1) projects and programmes shall only be admitted into an Appropriation Bill if they
- (a) are derived from the Medium Term Expenditure plan;
 - (b) considered relevant in the attainment of the overall socio-economic development objectives of Government and
 - [c] where considered necessary, have undergone a socio-economic feasibility studies and/ or cost benefit analysis.
- (2) Loan and Grant Financed projects and programme shall only be admitted into the appropriation bill where the respective loans and grants are fully secured and there is sufficient guarantee that draw downs could be made during the fiscal year;



23. The preparation of the Annual Budget shall commence not later than 15th July in each financial year with the issuance of a Budget Call Circular, in such form as the Ministry of Budget and Economic Planning may from time to time prescribe, to all Ministries, Extra Ministerial Departments, Boards, Parastatals, and other executing agencies of Government.
24. The Ministry of Budget and Economic Planning shall prepare and present to the State Executive Council not later than third week of October in each financial year, the draft Annual Budget and the Governor shall in turn present the draft budget to the State House of Assembly not later than the first week of November of each year.
25. (1) In preparing their annual budget, all the Local Governments in the State shall be guided by and adopt the provisions of this part with such modifications as may be appropriate and necessary;
- (2) The Ministry of Budget and Economic Planning and the Ministry for Local Government and chieftaincy affairs shall collaborate and jointly coordinate the preparation of the annual estimates of the Local Governments in accordance with the provisions of this law and any other law regulating the affairs of the Local Governments in the State.

PART V

BUDGETARY PLANNING OF STATE GOVERNMENT OWNED COMPANIES AND OTHER PUBLIC ENTERPRISES

Preparation of Annual (Budget)

26. State Government owned companies and other related Agencies listed in the schedule to this law (hereinafter in this law referred to as "State Owned Enterprises") shall not later than 6 months from the commencement of this law and for every three financial years thereafter, not later than the end of the second quarter, cause to be prepared and submitted to the Commissioner responsible for Budget and Economic Planning their estimates of revenue and expenditure for the next three financial years.



- Responsibility for Preparation of the Annual Budget** 27.(1) Each State owned Enterprise shall submit to the Commissioner not later than the end of August in each financial year:
- (a) an annual budget derived from the estimates submitted in pursuance to section 26;
 - (b) Project operating surplus, which shall be prepared in line with acceptable accounting practices.
- (2) The commissioner shall cause the estimates submitted in pursuance of section 26 to be attached as part of the draft appropriation bill to be submitted to the House of Assembly.
- Operating surplus and general reserve** 28 (1) Notwithstanding the provisions of any law governing or establishing the parastatal, each parastatal shall establish a "general reserve fund" and shall allocate thereto, at the end of each financial year, one third of its operating surplus for the year.
- (2) The balance of the operating surplus shall be paid to the consolidated revenue fund of the state not later than one month following the statutory dateline for publishing each parastatal's account.
- Classification of Parastatal Surplus** 29.(1) The parastatal surplus shall be classified as the state's treasury revenue
- (2) Where a parastatal's result is a deficit the deficit shall be classified as the parastatal's loss for the fiscal year.
- (3) Each parastatal shall not later than three months after the end of its financial year, cause to be prepared and published its audited financial reports in accordance with such rules as may be prescribed by the Governor from time to time.
- (4) Each State owned Enterprises shall submit a comprehensive bi-annual and annual progress report of its activities to its supervising Ministry; Office of the Secretary to the Government, Office of the Head of State Civil Service, Ministry of Finance; Ministry of Budget and Economic Planning; Ministry of Justice and Office of the State Auditor General not later than the end of July each year.
- Cessation of application of part v** 30. The provisions of sections 27, 28 and 29 shall cease to apply to any parastatal from the date of its privatization".



PART VI BUDGETARY EXECUTION AND ACHIEVEMENT OF TARGET

- Annual work plan** 31.(1) The State Government shall cause to be drawn up in each financial year, "an action plan" by the Ministry of Budget and Economic Planning for the implementation of budget. This shall not be later than one month after the signing of the Appropriation Law to be approved by the State Executive Council and shall be used as a guide for the implementation of the budget;
- (2) The State Government shall cause to be drawn up in each financial year, "an Annual Cash Plan" which shall be prepared by the State Ministry of Finance to guide budget execution. The Annual Cash Plan shall be prepared not later than one week after the issuance of the General Released Warrant by the Governor setting out the projected monthly cash flows and shall be revised periodically to reflect cash flows. As much as possible, the Annual Cash Plan shall be consistent with the Annual Work Plan.
- Disbursement Schedule** 32. The Commissioner for Finance shall, within 30 days of the passing the Appropriation Law, for each month, prepare and publish a disbursement schedule derived from the Annual Cash Plan for the purpose of implementation of the Appropriation Law.
- Power of commissioner For budget to approve Virement** 33. (1) the sums appropriated for a specific purpose shall be used solely for that purpose specified in the appropriation law.
- (2) Without prejudice to the provisions of subsection (1) of this section, the Commissioner for budget and planning may in exceptional circumstances and in the overall public interest, approve virement from subheads under heads of account and issue the appropriate warrant, without exceeding the amount appropriated to such head of account, provided that, such virement and the justification therefore are properly signed by the Accounting Officer, and submitted to the House of Assembly for approval by a simple majority.
- Power to restrict further commitment** 34.(1) Where by the end of three months after the enactment of the appropriation law, the commissioner determines that the targeted revenue, may be insufficient to fund the heads of expenditure in the appropriation law, the commissioner shall within the next 30 days of



such determination, take appropriate measures to restrict further commitment and financial operations according to the criteria set in the fiscal risk appendix.

- (2) Where the targeted revenues are re-established, either in part or in full, the appropriation for which further commitment were restricted shall be restored proportionately,
- (3) The provisions of subsections (1) and (2) of this section shall not apply to statutory or constitutional expenditure.

Restriction on the grant of tax relief

35. Any Proposed tax expenditure shall be accompanied by an evaluation of its budgetary and financial implications in the year it becomes effective and in the three subsequent years, and shall only be approved by the Governor if it does not adversely impair the revenue estimates in the annual budget.

Responsibility of the budget office to monitor and report on implementation

- 36 (1) The Commissioner of Budget shall monitor and evaluate the implementation of the annual budget, assess the attainment of fiscal targets and report thereon on quarterly basis to the fiscal responsibility Board and the finance committee of the House of Assembly.

- (2) The Commissioner of Budget shall, cause the report prepared pursuant to subsection (1) of this section to be published in the mass or electronic media not later than 60 days after the end of each year,

Application of part Vito Local Governments

37. In implementing their annual budgets, local Government councils may adopt the provisions of this part with such modification as may be appropriate and necessary”

PART VII PUBLIC REVENUE

Remittance of revenues and revenue returns

38. (1) Prompt remittance of all revenues collected by each Ministry, Boards, Parastatals, Extra- Ministerial Departments and other Agencies into the Treasury Revenue Accounts shall be strictly observed by all Accounting Officers.

- (2) Rendition of monthly returns in that respect (including expenditure returns) shall be a condition precedent to any transfer of monthly



overhead cost to the Ministries, Boards, Parastatals, Extra-Ministerial Departments and other Agencies. Such returns shall be submitted to the Treasury Department, Board of Internal Revenue, Ministry of Budget and Economic Planning and the Office of the Auditor General.

- (3) Parastatals whose establishment law allows them to retain revenue shall also render such monthly returns.
39. (1) Revenue collection by parastatals in excess of their recurrent overhead cost expenses shall be applied into further investments by the parastatals after duly being reflected in any Appropriation Law.
- (2) The estimated receipts accruing from borrowing shall only be applied towards capital expenditures included in the appropriate law.

PART VIII

SAVING AND EXCESS MANAGEMENT

- Saving of excess Revenue**
- 40.(1) Where the Reference Commodity price rises above the predetermined level resulting in excess proceeds, this Law allows the Accountant General of the Federation to save the state share from the Federation Account in accordance with subsection (2) of this section.
 - (2) The state's savings in pursuance of sub section(1) of this section shall be deposited in a separate account, which shall form part of the State's Consolidated Revenue Fund to be maintained at the Central Bank of Nigeria,
 - (3) The Central Bank of Nigeria shall, in consultation with the Federal Ministry of Finance, the State Commissioner for Finance and Economic Development and local Government Treasurers in the state, invest for and on behalf of the State Government and all the Local Governments in the state in such a manner that the savings of the state and of all the local Governments shall be clearly identified from the consolidated investments and proceeds of the State and local Governments.
 - (4) Pursuant to subsection (2) of this section, the savings and proceeds of any investment therefrom shall be appropriated for capital



- projects and programmes by the State Government in line with its Medium Term Expenditure plans and Annual Budget Estimates.
- (5) Subject to an agreement between the state government and the appropriate Federal Agencies principally, the Federal Ministry of Finance, a proportion of the state's savings should be used during any financial year to meet any revenue shortfalls that has become clearly manifest in three consecutive months.
 - (6) Subject to an agreement between the state Government and the appropriate Federal Agencies, principally, the Federal Ministry of Finance, not less than 70 %of the savings of the state including any proceeds accruing therefrom shall be used in the following year to finance capital projects and programmes that are consistent with the state's Medium Term Expenditure plans and Annual Budget Estimates.
 - (7) Notwithstanding the position of the state's saving with the Central Bank of Nigeria, the Accountant General of the state shall set aside not less than 5% of the gross monthly recurrent revenue receipts in a special account as local stabilization fund which shall also form part of the Consolidated Revenue Fund of the state and which shall also be reflected in the Appropriation Law during any year.
 - (8) While savings in respect of the local stabilization fund could be invested to earn further income, this shall be done in such a manner that shall not prevent Government accessing the funds at short notice.
 - (9) Savings in respect of the local stabilization fund could be applied during the fiscal year to meet immediate revenue shortfalls or to meet any expenditure approved by the State Executive Council and the State House of Assembly which has become necessary for the attainment of the socio-economic development objectives of the state hitherto not reflected in the Appropriation law.
 - (10) At least 70% of the savings under the local stabilization fund shall be directly appropriated in the following fiscal year to finance capital development projects and programmes.



PART IX PUBLIC EXPENDITURE

- Conditions for Increasing Government Expenditure** 41.(1) The creation, expansion or improvement in government action which result in an expenditure increase shall be accompanied by:-
- (a) An estimate of the budgetary or financial impact in the year it becomes effective and in the two subsequent years;
 - (b) A statement by the person requesting for the expenditure, stating that the increase is consistent with the Appropriation law and tile Medium Term Expenditure frame work.
- (2) The provisions of this section shall not apply to expenditures deemed inconsequential.
- Conditions for increasing personnel expenditure** 42. The granting of any advantage or increase of remuneration, the creation of posts or alteration of career structures and admission of personnel on any account by bodies and entities including foundations established and maintain by the government shall only be effected if, there is a prior budgetary allocation sufficient to cover the estimated expenditure.
- All contracts to comply with rules and guidelines** 43. All contracts with regards to the execution of annual budget; shall comply with the rules and guide lines on:-
- (a) Procurement and award of contracts; and
 - (b) Due process and certification of contract.
- Effect of violation of Public expenditure rules** 44. Any violation of the requirements in section 41, 42 and 43 shall be unlawful.

PART X DEBT AND INDEBTEDNESS

- Establishment of Debt management unit** 45.(1) There shall be established under the Ministry of Finance and Economic Development a Debt Management Unit which shall maintain comprehensive, reliable and up- to- date database of internal and external public debts including records of payment arrears and other contractual obligations and liabilities of the state, Such data should be in both physical and electronic form and public access to information on this shall be guaranteed:



- (2) Records maintained by Debt Management Unit shall cover all public agencies including Ministries, Extra Ministerial Departments, Agencies, Parastatals and other state owned Enterprises;

Frame work for Debt management

- 46.(1) The framework for debt management during the financial year shall be based on the following rules:-

- (a) Government shall only borrow for capital expenditure and human development, provide that, such borrowing shall be on concessional terms with low interest rate and with a reasonably long amortization period subject to the approval of the House of Assembly where necessary;
- (b) Government shall ensure that the level of public debt as a proportion of state income is held at a sustainable level and

- (2) Notwithstanding the provisions of subsection 1(a) of this section and subject to the approval of the House of Assembly the government may borrow from the capital market.

- (3) Non-compliance with the provisions of this section shall make the action taken unlawful.

Limit on consolidated Debt of the state and local governments

- 47.(1) The government shall within 90 days from the commencement of this law and with advice from commissioner of finance, subject to approval of the House of Assembly, set overall limits for the amount of consolidated debt of the state and local governments pursuant to the limits and conditions approved by the House of Assembly. This shall be consistent with the rules set out in this law and with the fiscal policy objectives in the medium term - fiscal frame work

- (2) Outstanding judgment debts not paid shall be considered part of the consolidated debts for the purpose of application of the respective limits set in pursuance of this section.

- (3) For the purpose of verifying compliance with the limits specified pursuant to this section, the Fiscal Responsibility Board shall at the end of each quarter, determine the amount of the consolidated debt of the government and local government,

- (4) The Fiscal responsibility board shall publish on a quarterly basis, a list of the local governments in the state that have exceeded the



limits of consolidated debt, indicating the amount by which the limit was exceeded.

- (5) Where at the end of any quarter, the consolidated debt of the local governments exceeds the respective limits: it shall be brought within a minimum of 25 percent reduction in the First Quarter,
- (6) Any Local Government that violates the limits specified pursuant to this section shall:-
 - (a) Be prohibited from borrowing from internal or external sources, except for the refinancing of existing debts and
 - (b) Bring the debt within the established limit by inter alia, restricting funding commitments accordingly-
- (7) Where non-compliance with the limit specified pursuant to this section persists after the time limit by subsection (5) of this section, the affected local government shall also be prohibited from receiving any other grants that is due to it from the state government.
- (2) The cost of servicing government guaranteed loans shall be deducted at source from the share of the debtor, local government, from the local government joint account,

PART XI BORROWING

Conditions of borrowing and verification

- 48.(1) Any government board or parastatal or Local Government in the state desirous of borrowing shall, specify the purpose for which the borrowing is intended and present a cost-benefit analysis, detailing the compliance with limits economic and social benefits of the purpose to which the intended borrowing is to be applied.
- (2) Without prejudice to subsection (1) of this section, each borrowing shall comply with the followings:-
 - (a) The existing of prior authorization in the Appropriation Law or estimates for the purpose for which the borrowing is to be utilized and
 - (b) The proceeds of such borrowing shall solely be applied towards long term capital expenditure,



- (3) Nothing in this section shall be construed to authorize borrowing in excess of the limits set in section 47 of this law;
- (4) The Fiscal Responsibility Board shall verify on a quarterly basis, compliance with the limits and conditions for borrowing by each board, parastatals, and local government in the state and
- (5) Without prejudice to the specific responsibilities of the House of Assembly, the Fiscal Responsibility Board shall maintain comprehensive, reliable and current database of internal and external public debts.

**Lending by
Financial
Institutions**

- 49.(1) All banks and financial institutions shall request and obtain proof of compliance with the provisions of this part before lending facility to any board, parastatals, or local government in the state, (2) Lending by banks and financial institution contravention of this part shall be unlawful and shall attract black listing or other punitive measures by the government against the erring bank.

**Power of the
Commissioner to
grant guarantee**

50. (1) Subject to the provisions of this part, the commissioner of finance may with the approval of the State Executive Council, grant guarantees on behalf of any board, parastatals, or local government in the state. (2) Any guarantee granted by the commissioner shall be conditional upon the provision of a counter guarantee from the board, parastatals, or local government in an amount equal to or higher than the guarantee obligation, provided that, there are no overdue obligations from the requesting board, parastatals, or local government in the state to the guarantor and such guarantee shall also be in compliance with the following:
- (a) Counter-guarantee shall only be accepted from local government; and
 - (b) The counter-guarantee required by the commissioner of finance from the board, parastatals, or local government shall serve as collateral in repaying overdue loan of such board, parastatal or local government.
- (3) Any guarantee provided in excess of the debts limits set pursuant to subsection (1) of section 47 of this law shall be unlawful.



PART XII TRANSPARENCY AND ACCOUNTABILITY

- Fiscal Transparency** 51.(1) The state government shall ensure that its fiscal and financial affairs are conducted in a transparent manner and accordingly shall ensure full and timely disclosure and wide publication of all transactions and decisions involving public revenues and expenditures and their implication for its finances.
- (2) The House of Assembly shall ensure transparency during the preparation and discussion of the Medium Term Expenditure Framework, Annual Budget and the Appropriation Law.

- Publication of Audited Accounts of State Government** 52.(1) The State Government shall publish its audited account not later than 90 days following the receipt of financial statement from the Accountant General's Office
- (2) State Government shall not later than two years following commencement of this law and thereafter, not later than 9 months following the end of each financial year, consolidate and publish in the mass media it's audited accounts for the previous year.

- Publication of a Summarized report on budget execution** 53. The State Government through the Ministry of budget shall within 30 days after the end of each quarter, publish a summarized report on budget execution in such form as may be prescribed by the Fiscal Responsibility Board and not later than 6 months after the end of the financial year, a fiscal and financial performance targets shall be published by the commissioner of budget and economic planning for submission to the House of Assembly and dissemination to the public.

PART XIII MISCELLANEOUS PROVISIONS

- Government securities As collateral to Guarantee Loans** 54. Government securities, provided that they are dully listed on the stock exchange, may be offered as collateral to guarantee loans or other financial transaction under this law for their economic value,



- Restriction on utilization of proceeds of sales public assets** 55. The proceeds derived from the sale or transfer of public properties and rights over public assets shall not be used to finance recurrent and debt expenditure, provided that, such proceeds may be used to liquidate existing liabilities directly charged against such properties or assets.
- Technical and Financial Assistance to the State and local Government Councils)** 56. The State Government and all Local Government Councils may receive technical and financial assistance from the Federal Government or any Donor Agency to modernize its financial asset administration for the purpose of complying with this law. Same form of technical assistance may be extended by the state Government to all or any of the Local Governments for the same purpose.
- Power of the Governor To make regulation** 57. The Governor shall, in addition to any other powers conferred on him under this law, make regulations generally for the purpose of carrying into effect the provisions of this law.

THIS PRINTED IMPRESSION HAS BEEN CAREFULLY COMPARED BY ME WITH BILL WHICH HAS BEEN PASSED THE YOBE STATE HOUSE OF ASSEMBLY AND FOUND BY ME TO BE THE TRUE AND CORRECTLY PRINTED COPY OF THE SAID BILL.

MOHAMMAD NURALKALI
CLERK
YOBE STATE HOUSE OF ASSEMBLY

I ASSENT

ALHAJI (DR) IBRAHIM GAIDAM, FNCA, FCPA,
EXECUTIVE GOVERNOR, YOBE STATE.

THIS ... 22nd DAY OF JULY,..... 2016